



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2019 Biennium

Bill #	SB0011	Title:	Revising Insurance Premium Tax to Include the Montana State Fund
Primary Sponsor:	Jones, Llew	Status:	As Introduced

- ☐ Significant Local Gov Impact
 ☐ Needs to be included in HB 2
 ☐ Technical Concerns
☐ Included in the Executive Budget
 ☐ Significant Long-Term Impacts
 ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$1,585,814	\$3,234,727	\$3,299,083	\$3,364,718
State Special Revenue	\$781,072	\$1,593,224	\$1,624,921	\$1,657,249
Net Impact-General Fund Balance:	<u>\$1,585,814</u>	<u>\$3,234,727</u>	<u>\$3,299,083</u>	<u>\$3,364,718</u>

Description of fiscal impact: Currently, the Montana State Fund (MSF) is exempt from the tax of 2.75% of net premium collected. This legislation proposes to remove the exemption and require the Montana State Fund to pay the insurance premium tax.

FISCAL ANALYSIS

Assumptions:

1. Historic net earned premium, found in annual reports submitted by the Montana State Fund, were used to determine a 2.0% growth rate of net premium for FY 2018 through FY 2021.
2. Applying the 2.75% insurance premium tax to projected net premium would generate \$2.4 million in FY 2018, \$4.8 million in FY 2019, \$4.9 million in FY 2020, and \$5.0 million in FY 2021.

Insurance Premium Tax Collections and Distribution				
Fiscal Year	Net Premium	Total Revenue	General Fund	Healthy MT Kids
FY 2018	\$172,137,179	\$2,366,886	\$1,585,814	\$781,072
FY 2019	\$175,561,870	\$4,827,951	\$3,234,727	\$1,593,224
FY 2020	\$179,054,694	\$4,924,004	\$3,299,083	\$1,624,921
FY 2021	\$182,617,009	\$5,021,968	\$3,364,718	\$1,657,249

	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	\$1,585,814	\$3,234,727	\$3,299,083	\$3,364,718
State Special Revenue (02)	<u>\$781,072</u>	<u>\$1,593,224</u>	<u>\$1,624,921</u>	<u>\$1,657,249</u>
TOTAL Revenues	<u>\$2,366,886</u>	<u>\$4,827,951</u>	<u>\$4,924,004</u>	<u>\$5,021,968</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$1,585,814	\$3,234,727	\$3,299,083	\$3,364,718
State Special Revenue (02)	<u>\$781,072</u>	<u>\$1,593,224</u>	<u>\$1,624,921</u>	<u>\$1,657,249</u>

Sponsor's Initials

Date

Budget Director's Initials

Date